

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 8790

INFO GOV PANCANAL

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E.O. 11652: N/A

TAGS: PFOR, ENRG, PN, PQ

SUBJECT: GOP REQUEST TO STORE AND PROCESS EQUIPMENT WITHIN
CANAL ZONE

REF: FONMIN NOTE NO. DREU-314/1338 OF OCTOBER 1, 1973

SUMMARY: EMBASSY HAS RECEIVED FONMIN NOTE EXPRESSING ITS CONFORMITY WITH REQUEST FROM EL PASO PANAMA COMPANY TO STORE AND PROCESS EQUIPMENT WITHIN CANAL ZONE IN CONNECTION WITH PETROLEUM EXPLORATION WORK FOR GOP. PANCANAL WILLING TO COOPERATE AND ISSUE LAND LICENSE BUT UNABLE TO ACCEPT CERTAIN LANGUAGE IN FONMIN NOTE. PAN CANAL HAS PREPARED REPLY TO FONMIN NOTE WHICH EMBASSY WILL DELIVER SUBJECT TO DEPARTMENT'S CONCURRENCE. ACTION REQUIRED: EMBASSY REQUESTS DEPARTMENT'S APPROVAL TO DELIVER NOTE BUT WITH RECOMMENDATION THAT FINAL SENTENCE BE DELETED. REPLY IS NEEDED ON URGENT BASIS SINCE DRILLING AND OTHER EQUIPMENT EXPECTED TO ARRIVE CANAL ZONE SHORTLY.

1. EMBASSY RECEIVED FONMIN NOTE NO. DREU-314/1338 OF OCTOBER 1, 1973, WHEREIN GOP EXPRESSED ITS CONFORMITY
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WITH A REQUEST OF EL PASO PANAMA COMPANY (US OWNED

SUBSIDIARY INCORPORATED IN DELAWARE) FOR WAREHOUSE AND OTHER FACILITIES WITHIN CANAL ZONE IN CONNECTION WITH PETROLEUM EXPLORATION WORK WHICH COMPANY WILL BE DOING FOR GOP. ACCORDING TO FONMIN NOTE, EL PASO PANAMA COMPANY IS CONTRACTOR FOR CORVUS, S.A. AND PLARIS, S.A., PANAMANIAN FIRMS WHICH IN TURN ARE CONTRACTORS FOR THE GOP TO CARRY OUT PETROLEUM DRILLING OPERATIONS IN THE

GULF OF PANAMA. EMBASSY FORWARDED NOTE TO PANCANAL FOR SUGGESTED REPLY.

2. LANGUAGE IN SECOND PARAGRAPH OF FONMIN NOTE PRESENTS DIFFICULTIES FOR REASONS OF JURISDICTION. TEXT READS BEGIN QUOTE:

LA AUTORIZACION QUE POR ESTE MEDIO SE CONCEDE A EL PASO PANAMA COMPANY ES BAJO EL ENTENDIMIENTO DE QUE CUALESQUIERA EMPLEADOS Y FUNCIONARIOS DE ESA COMPANIA, QUE TENGAN POR FUNCION EN LA ZONA DEL CANAL LA VIGILANCIA, EL MANTENIMIENTO Y LA ADMINISTRACION DE LOS MATERIALES, MAQUINARIAS, ENSERES Y DEMAS EQUIPOS, NO SERAN RESIDENTES DE LA ZONA DEL CANAL NI TENDRAN DERECHO DE COMPRA DE NINGUNA CLASE DE PRODUCTOS EN DICHA ZONA NI GOZARAN DE DE PRIVILEGIO ALGUNO POR TRABAJO ALLI. ESTOS EMPLEADOS DESEMPEÑARAN SUS FUNCIONES Estrictamente con sujecion a las leyes panamenas. END QUOTE.

FINAL SENTENCE OF ABOVE PARAGRAPH READS, TRANSLATED FREELY, BEGIN QUOTE: THESE EMPLOYEES WILL PERFORM THEIR FUNCTIONS STRICTLY IN ACCORDANCE WITH (SUBJECT TO) PANAMANIAN LAW. END QUOTE. THIS LANGUAGE NOT ACCEPTABLE UNDER EXISTING TREATIES.

3. PANCANAL IS WILLING TO COOPERATE WITH GOP REQUEST AND HAS SUGGESTED FOLLOWING TEXT FOR REPLY TO FONMIN. BEGIN QUOTE:

REFERENCE IS MADE TO FOREIGN OFFICE NOTE DREU-314/1338, DATED OCTOBER 1, 1973 CONCERNING A REQUEST BY THE EL PASO PANAMA COMPANY TO STORE AND PROCESS EQUIPMENT ON A SITE IN THE CANAL ZONE IN CONNECTION WITH ITS DEEP-SEA EXPLORATORY DRILLING CONTRACT WITH THE PANAMANIAN GOVERNMENT. THE MINISTRY'S NOTE IS UNDERSTOOD TO CONSTITUTE A WAIVER BY THE GOVERNMENT OF PANAMA OF CERTAIN RESTRICTED OFFICIAL USE

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TIONS IMPOSED ON THE U.S. GOVERNMENT BY ARTICLES I AND III OF THE 1936 TREATY FOR THE BENEFIT OF PANAMA.

AS A MATTER OF COOPERATION A LAND LICENSE WILL BE ISSUED TO EL PASO PANAMA COMPANY, UPON ITS APPLICATION, FOR A SITE IN THE CANAL ZONE ENABLING IT TO BETTER PERFORM ITS CONTRACTUAL UNDERTAKING FOR THE GOVERNMENT OF PANAMA. EL PASO PANAMA COMPANY AND PERSONNEL ENGAGED IN WORK AT THE SITE IN THE CANAL ZONE WILL BE SUBJECT TO APPLICABLE

LAWS AND REGULATIONS OF THE UNITED STATES. THERE IS
NO BASIS FOR APPLICATION OF PANAMANIAN LAWS WITHIN THE
CANAL ZONE. END QUOTE.

4. EMBASSY CONCURS IN DRAFT REPLY BUT WOULD DELETE
FINAL SENTENCE. POINT OF JURISDICTION IS WELL MADE
IN PENULTIMATE SENTENCE. EMBASSY REQUESTS DEPARTMENT
APPROVAL ASAP OF DRAFT NOTE, DELETING FINAL SENTENCE.
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